

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT
40620
revenue.ky.gov

June 2, 2015

HONORABLE QUEENIE AVERETTE
JEFFERSON COUNTY, JUDGE EXECUTIVE
METRO HALL, FOURTH FLOOR
527 W JEFFERSON ST
LOUISVILLE, KY 40201

RE: April 2 – 17 Severe storms, tornadoes, flooding, landslides and mudslides Disaster

Dear Jefferson County Judge Averette:

As a result of the recent authorization by President Barack Obama for Federal assistance for the ten Kentucky counties (Bath, Bourbon, Carter, Elliott, Franklin, Jefferson, Lawrence, Madison, Rowan and Scott) that received significant damage as a result of severe storms, tornadoes, flooding, landslides, and mudslides during the period of April 2 – 17, 2015, the Department of Revenue requests your assistance to inform individuals, businesses and organizations in your community about legislation passed in the 2012 General Assembly to assist the victims of the storm in their rebuilding process.

Pursuant to KRS 139.519, property owners can receive a refund of Kentucky sales and use tax paid for materials purchased to repair or replace the structures damaged or destroyed in the February 2015 storms, up to \$6,000.00 for each structure. The legal property owner who incurred the damage must submit the refund claim within three years of the date of the disaster area declaration.

Once the reconstruction or replacement is completed, the property owners must submit an Application for Kentucky Disaster Relief Sales and Use Tax Refund, form 51A600. The following documentation must also be included with that application:

- The insurance claim, or documentation from FEMA, along with photographs to support building damage;
- Information Sharing Agreement, form 51A601, for each vendor from whom materials were purchased, signed by that vendor's representative; and
- Expenditure report, form 51A602, along with copies of the invoices for materials purchased.

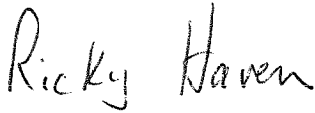
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When completed, the application and documentation needs to be mailed to the Kentucky Department of Revenue, Division of Sales and Use Tax, P.O. Box 181, Station 67, Frankfort, Kentucky 40602-0181.

A copy of the forms mentioned is enclosed for your information, as well as a FAQ document to address other issues related to the disaster relief refund program. These forms are also available on the Department of Revenue website at www.revenue.ky.gov/forms

The Department appreciates your assistance in sharing details about the disaster relief refund program with affected individuals, businesses and organizations in Jefferson County. If Department of Revenue staff can be of further assistance, please contact me via email or telephone. The Louisville Taxpayer Service Center is located at 600 West Cedar Street, 2nd Floor in Louisville, and can be reached at (502) 595-4512 if immediate assistance is required. Thank you.

Sincerely,



Ricky Haven, Director
Division of Sales and Use Tax
Department of Revenue
P.O. Box 181
501 High Street
Frankfort KY 40602-0181
(502) 564-6828
Ricky.haven@ky.gov



Steven L. Beshear
Governor

**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE**

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Secretary

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FRANKFORT, KENTUCKY 40601-2103
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Thomas B. Miller
Commissioner

Frequently Asked Questions Disaster Relief Sales and Use Tax Refund

1. Who is eligible for the refund?

Per House Bill 255 passed in the 2012 General Assembly, a legal building owner with damaged property from a disaster in a federally declared disaster area may qualify for a refund of the sales and use tax paid on the purchase of building materials for repair of the existing building or for construction to replace a destroyed building in the disaster area.

2. How much of a refund may the building owner receive?

For each building, the legal building owner may receive 100% of the Kentucky sales and use tax actually paid for building materials, reduced by the amount of vendor compensation allowed under KRS 139.570, up to a maximum refund of \$6,000.

3. What is the definition of building materials?

"Building materials" is defined in statute to mean all tangible personal property which enters into and becomes a permanent part of a building. The building materials for which the sales and use tax refund is sought shall be purchased for the purpose of repairing or constructing a building within a federally declared disaster area, either by the legal building owner, or by a contractor who is under contract with the legal building owner to incorporate the building materials into the building. The materials must be purchased on or after the date of the disaster area declaration. For the current 23-county area under recovery, the disaster area designation effective date is March 6, 2012.

4. What constitutes a Federal Disaster Area?

"Disaster" is defined in statute to mean damage resulting from a flood, rain storm, ice storm, wind storm, tornado, hurricane, earthquake, or terrorist attack. A "disaster area" is also defined in statute to mean a county that has been declared a disaster by the President of the United States pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. secs. 5121 to 5206. www.fema.gov

5. What steps are required to receive the refund from the Department of Revenue?

The legal building owner must submit the following:

- a) an application for Kentucky Disaster Relief Sales & Use Tax Refund (Form 51A600);
- b) all Information Sharing Agreements (Form 51A601) executed with all contractors, vendors and other related parties so that the Department may verify expenditures and the Kentucky sales and use tax paid;
- c) an Expenditure Report (Form 51A602) detailing sales receipts and invoices. If a contractor was employed to do the repairs or new construction, the contractor must provide copies of its receipts for building materials the company purchased to perform the repairs or new construction to the building owner for submission with the refund claim;
- d) any photographs and other documents supporting the legal building owner's claim for refund, as requested by the Department; and
- e) either
 - 1) documentation that the legal building owner is eligible for assistance from the Federal Emergency Management Agency, United States Department of Homeland Security, or,
 - 2) a copy of the insurance claim filed for verification of the building in the disaster area damaged or destroyed by the disaster;

The legal building owner must file all appropriate documentation within 3 years from the date the disaster area is declared a disaster and after completion of the building construction so that total eligible costs can be fully considered. In the case of an owner of multiple buildings, separate refund applications must be filed for each building.

6. Where can I obtain the forms to claim a sales and use tax refund due to a "Federally Declared Disaster"?

Forms are available:

- a) on the Department's website at www.revenue.ky.gov under the subsection "Disaster Relief Sales and Use Tax Legislation" (Forms 51A600, 51A601, and 51A602);
- b) by calling the Division of Sales and Use tax at (502) 564-5170, option 1; or
- c) at one of the 10 local Taxpayer Service Centers listed at the following link:
<http://www.revenue.ky.gov/aboutus/taxpayerservicecenters.htm>

The administrative regulation formalizing the refund process is 103 KAR 31:170 and is available at the following link: <http://www.lrc.ky.gov/kar/103/031/170.htm>

It is also important for applicants to understand that refunds will be disbursed only after the Department has verified that sales tax on the qualifying building materials was remitted to the state by the vendor and/or contractor.

APPLICATION FOR
KENTUCKY DISASTER RELIEF
SALES AND USE TAX REFUND



Disaster Description _____ Disaster Area _____ Date _____

Building Description _____ Declaration _____

County _____

Type of Construction ☐ Building Repair or ☐ Building Replacement

Name		
	Enter Name of Legal Building Owner (please print or type)	Driver's License #/FEIN of Legal Building Owner
Construction Address		
	Number and Street	City or Town State ZIP Code
Mailing Address (if different)		
	Number and Street	City or Town State ZIP Code
Contact		
	Contact Person	E-mail Address Telephone Number (include area code)

REFUND REQUESTED \$ _____
(Maximum \$6,000)

PURCHASE DATE RANGE From: _____
To: _____

- (1) A claim for refund shall be filed within three years from the date of the disaster area declaration for building materials purchased on or after that date. Qualifying building materials are limited to materials used for repair or construction that become a permanent part of the building. See 103 KAR 31:170.
 - (2) A refund may only be requested for Kentucky sales and use tax paid. A refund for sales and use tax paid to other states or localities shall not be refunded.
 - (3) In accordance with KRS 139.770, the amount of refund requested shall be reduced by the amount of compensation taken when the sales or use tax was paid or by the amount of any tax liability due the Commonwealth of Kentucky by the applicant.
 - (4) Interest shall not be allowed or paid on any refund.
 - (5) Attach photographs & documentation from FEMA or Insurance Claim to support building damage sustained in the disaster.
 - (6) Attach copies of the information sharing agreements (Form 51A601) with contractors, vendors or other related parties to verify building materials used in the repair or construction.
 - (7) Attach all expenditure reports (Form 51A602) to the refund application with copies of pertinent invoices (from each vendor).
 - (8) Mail completed application and supporting documentation to the Kentucky Department of Revenue, Division of Sales and Use Tax, P. O. Box 181, Station 67, Frankfort, Kentucky 40602-0181. Please contact the Division at the number below for instructions on how to submit the application and supporting documentation other than by mail.
- Any questions can be directed to the Division of Sales and Use Tax at (502) 564-5170.

I, the undersigned, do declare under penalties of perjury that I have examined this application (including any accompanying statements or schedules and reports), and to the best of my knowledge and belief, the information and statements regarding the refund for sales and use tax paid on purchases of building materials purchased and used in the repair or construction of the building contained herein are true, complete and correct, and that I am duly authorized to sign this application. The undersigned certifies that no tax liability of any kind is due the Commonwealth of Kentucky by this applicant.

Legal Building
Owner Signature _____ Date _____

**INFORMATION SHARING AND ASSIGNMENT
AGREEMENT FOR DISASTER RELIEF REFUND CLAIMS**

This information-sharing agreement and assignment agreement is hereby entered into between the Department of Revenue and the following parties.

Legal Building Owner

Kentucky SU Tax Account # (if applicable) _____

Contact Person _____

Address _____

Telephone Number _____

E-mail Address _____

Vendor

Kentucky SU Tax Account # _____

Contact Person _____

Address _____

Telephone Number _____

E-mail Address _____

Contractor/Subcontractor (Purchaser)

Kentucky SU Tax Account # _____

Contact Person _____

Address _____

Telephone Number _____

E-mail Address _____

Purpose

The purpose of this agreement is to facilitate the payment of refunds allowed a legal owner of a building damaged or destroyed in a disaster area. According to the provisions of the applicable statutes, the owner may receive a refund of sales and use tax paid on the cost of building materials used to repair or replace the building.

In order for the sales and use tax refund request to be properly verified and ultimately paid, various tax and purchase information may be shared by and among the Department, the Legal Building Owner, Vendors, Contractors/Subcontractors (Purchaser) and other related parties. To ensure the accomplishment of this process without any violation of the taxpayer confidentiality laws (KRS 131.190; 131.081(15); 131.990), the Legal Building Owner and other parties listed above hereby enter into this information-sharing agreement pursuant to the above statutes.

Terms of Agreement

1. The Department of Revenue agrees to consider the Legal Building Owner's application for sales and use tax refund under the applicable statute and if it determines that the application is valid, to remit payment of the computed refund to the Legal Building Owner. The Legal Building Owner understands and agrees that the Department shall reduce the amount of refund so allowed by the amount of compensation paid the Vendor/Purchaser listed above, by any outstanding debts or liabilities owed to the Commonwealth or to any person for whom the Commonwealth has an obligation to collect debts or liabilities of the Legal Building Owner, and if applicable, by any reconciliation of the actual purchases applicable to the approved project.
2. The Legal Building Owner, Vendor, and Contractor/Subcontractor (Purchaser) listed above agree that the Department may disclose the status and final disposition of the Legal Building Owner's application for sales and use tax refund to the Vendor and Contractor/Subcontractor (Purchaser). The parties to this Agreement further agree that these disclosures by the Department shall not constitute a violation of the taxpayer confidentiality laws.
3. The Vendor or Contractor/Subcontractor (Purchaser) listed above agrees that it is the person who paid to the Department sales and use tax on purchases that are the subject of the Legal Building Owner's application for sales and use tax refund. The Vendor or Contractor/Subcontractor (Purchaser) listed above agrees to provide the Department with the records, documents and other information the Department needs to verify the Legal Building Owner's application for sales and use tax refund for approved materials. The Contractor/Subcontractor (Purchaser) agrees that the Department may disclose to the Legal Building Owner records, documents and other information furnished by the Contractor/Subcontractor (Purchaser) to the Department under this paragraph and that disclosure by the Department shall not constitute a violation of the taxpayer confidentiality laws. The Contractor/Subcontractor (Purchaser) further agrees that the Legal Building Owner is the proper party to receive the sales and use tax refunds for the approved materials, as defined by the applicable statutes.
4. The parties to this Agreement understand and agree that this Agreement shall relate only to the Legal Building Owner's application for sales and use tax refunds for approved materials under the program referenced on page one. The Vendor and Contractor/Subcontractor (Purchaser) remain responsible for timely protesting assessments or seeking refunds of sales and use taxes paid on other transactions that are not the subject of the Legal Building Owner's application.
5. This Agreement shall be governed by the laws of the Commonwealth of Kentucky and any legal proceeding for the enforcement of this Agreement or for the resolution of any dispute over its meaning or effect may be brought only in the Circuit Court of Franklin County, Kentucky. Any denial of a refund payment, in whole or in part, and any assessment or order to repay a refund or refund incentive shall be protested and appealed in accordance with KRS Chapter 131, e.g., KRS 131.110 and 131.340.
6. The persons signing this Agreement below represent and warrant that they are duly authorized to execute this agreement on behalf of the parties for whom they sign.

This Agreement shall be effective upon its execution below by all applicable parties.

Legal Building Owner

(Signature)Date

Vendor

(Print name of authorized signatory for Vendor)By

(Signature of authorized signatory for Vendor)

TitleDate

Contractor/Subcontractor (Purchaser)

(Print name of authorized signatory for Contractor/Subcontractor (Purchaser))By

(Signature of authorized signatory for Contractor/Subcontractor (Purchaser))

TitleDate

Department of Revenue

(Print name of authorized signatory for Department of Revenue)By

(Signature of authorized signatory for Department of Revenue)

TitleDate

1. Include only one Contractor/Sub-contractor (Purchaser) per page.
2. Please total costs by Vendor.
3. Provide copies of invoices from each Vendor as samples.

Construction Address

Name of Legal Building Owner: _____
 Contractor/Sub-Contractor Name: _____
 Contractor/Sub-Contractor SU Tax Account # (if applicable): _____

